

10 Civic Center Plaza
Post Office Box 3368
Mankato, Minnesota 56002-3368

Phone: (507) 387-8600
Fax: (507) 388-7530
www.mankatomn.gov



January 14, 2020

Re: City of Mankato Valley Opportunities
Commercial Revolving Loan Program

Dear Property Owner,

The City of Mankato has made loan funds available to assist commercial properties located within the city limits of Mankato with exterior and interior improvements which have an assessed property value of \$500,000 or less.

Eligible property owners may apply for a 3% interest loan of up to \$20,000 per property which would be paid over 10 years. The loans are secured with a mortgage and promissory note on the property to be improved. Additionally, property owners can request a \$5,000 deferred loan to be used solely for exterior improvements. The \$5,000 deferred loan would be forgiven over 5 years. A pro-rated repayment would be required if the building were sold or transferred within the 5-year term. Both loans require a 50%, or 1:1 match.

The City of Mankato has limited funding available and commercial projects will be awarded on a first come first served basis. Only complete applications will be accepted and applications should be submitted to Courtney Kramlinger, 10 Civic Center Plaza, P.O. Box 3368, Mankato, MN 56002-3368.

Please contact me at 507-387-8711 or ckramlinger@mankatomn.gov with any questions or if additional information is required.

Sincerely,

Courtney Kramlinger
Economic Development Specialist



City of Mankato Valley Opportunities Commercial Revolving Loan Program

This commercial loan program has been designed to provide financial assistance for commercial properties located within the city limits of Mankato that are valued at or below \$500,000, as determined by Blue Earth County.

Valley Opportunities Commercial Revolving Loan Program

- **Low Interest Loan of up to \$20,000.** Loans will be provided at a fixed interest rate of 3% and a ten (10) year term. A 50% match is required for the low interest loan.
- **Deferred Loan of up to \$5,000 solely for exterior improvements.** The deferred loan is available only in conjunction with a low interest loan. The deferred loan is at 0% interest and is forgiven over a five year term. For each year of continued ownership, the principle amount is reduced by 20%. A 50% match is required for the deferred loan.

Remaining Project Costs

- All remaining project costs are to be financed through sources other than the City of Mankato, such as owner cash contributions or conventional financing.



***City of Mankato
Valley Opportunities
Commercial Revolving Loan Program***

Facts Property Owners Should Know

- Improvements must comply with the City of Mankato Valley Opportunities Revolving Loan Fund Policy.
- The most funding you may receive is \$25,000 per property.
- Funds are provided on a reimbursement basis, after work is completed.
- Program participation is based on first come, first served.
- Property taxes, mortgage payments, property insurance, and city utilities for the property must be current at the time of application.
- The property owner or tenant of the building is eligible to make application. If a tenant makes application, written approval and concurrence from the property owner is required.
- The loan will be secured with a mortgage and promissory note on the property to be improved. The assessed market value of the property must be of a sufficient amount to provide the City of Mankato with adequate loan security.
- Applicant would be responsible for obtaining bids and selecting their contractor. The contractor would be responsible for obtaining any necessary permits and requesting all required inspections.
- Projects completed for mixed-use buildings that include a residential component will be evaluated for the necessity of a lead hazard assessment for components of the project affecting residential portion of building.
- The term of new or existing leases created or retained as the result of the loan must match the loan amortization schedule or include a repayment of the loan upon lease termination. For owner occupied buildings where no leases exist, the owner shall enter into a development agreement with the City in which the owner agrees to continue the business at the location for the term of the loan.
- Applicant is responsible for cost of preparing loan documents, title examination fees, closing costs, and recording fees.
- Applicant acknowledges that improvements to their building may result in an increase to the property valuation and a resulting property tax increase.

Eligible Commercial Improvements

Loan Funds shall be available to qualifying properties for the following eligible activities, provided such activities commence after the loan approval date:

- Building improvements related to Building Code compliance and upgrades to substandard building conditions, as referenced in Mankato City Code Section 13.07.
- Exterior improvements.
- Energy efficiency related improvements.
- Accessibility improvements.
- Leasehold improvements.

Ineligible Commercial Rehabilitation Improvements

Loan funds shall not be available for the following activities:

- Debt refinancing, debt repayment or consolidation, and other financing costs.
- Creation or rehabilitation of housing units. Properties containing a mixture of housing and commercial/business space may be qualifying, provided the funded improvements are for nonresidential tenant spaces and/or general building improvements related to code compliance.
- Removal of existing structures or construction of new structures.
- Reimbursement for expenditures or improvements made prior to loan approval.
- Equipment.
- Building maintenance activities.
- Professional services fees, management fees, franchise fees, moving costs, and operating costs.
- Acquisition of buildings or land.



Email: _____

Proposed tenant and building use: _____

	Yes		No
	Yes		No
	Yes		No
	Yes		No
	Yes		No

IV. OWNERSHIP INFORMATION

Property Owner: ☐ Yes ☐ No

Ownership interest in the property to be improved:

___ Contract for Deed

___ Free and Clear

___ Mortgage

___ Lease: Specify terms of Lease: _____

___ Other: Specify: _____

Name(s) on Title: Specify ownership interest of each name on the title:

Amount of Outstanding Principal owed on property to be improved: \$ _____

Are there executed lease commitments? ☐ Yes ☐ No

Proposed lease rates: _____

V. ESTIMATED IMPROVEMENT COSTS AND REQUESTED LOAN INFORMATION

Describe proposed improvements (funds can only be used for improvements as indicated in the City of Mankato Valley Opportunities Revolving Loan Fund Policy).

Exterior: _____

Interior: _____

Mechanical Systems: _____

Other: _____

Estimated total cost of proposed rehabilitation work: \$ _____

*The following must be submitted with completed application:

- ☐ Supporting contractor estimates
- ☐ Site plan
- ☐ Floor plan
- ☐ Building elevations
- ☐ Detailed scope of construction work

VI. CERTIFICATION

City of Mankato staff, or an authorized representative, shall have the right to inspect the property to be improved and meet with tenant/owner at any time from the date of application upon giving due notice.

I/We, the undersigned understand and agree that all approved renovation work will be in compliance with the City of Mankato Valley Opportunities Commercial Revolving Loan Program Guidelines and Policies.

I/We certify that all statements on this application are true and correct to the best of my/our knowledge. I/We understand that any intentional misstatements will be grounds for disqualification.

I/We authorize program representatives with the right to access the property to be improved for the purpose of the deferred loan program and to take photographs of the structure before and after rehabilitation.

I/We understand the building owner and general contractor will enter into a contract for the improvements to be made, which will be solely between the contractor and the property owner; the administering agency (City of Mankato) will not be liable for inadequate performance of a contractor.

Applicant: _____

Date: _____

Co-Applicant: _____

Date: _____

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Your property mortgage, property insurance, property tax payments, and city utility bills must be current to qualify for the Valley Opportunities commercial loan program; the City of Mankato must verify these payments are current.

Please complete the top section of the attached Mortgage Verification Form including:

- the address of your lender
- your name
- social security number
- date of birth
- mortgage number (you may need to contact your lender for the mortgage no.)
- sign and date

Please return to mortgage verification form to the City of Mankato with your completed application. The City of Mankato will then submit the form to your lender for verification.

If your mortgage payment does not include an escrow for homeowners insurance, you will be required to submit verification from your insurance provider that your property insurance policy is current.

(Lender)

(Address)

(City, State, Zip)

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MORTGAGE VERIFICATION

City of Mankato – Valley Opportunities Commercial Revolving Loan Program

For:

SSN:

DOB:

Mortgage Number: _____

To the Lender named above, I hereby grant the release of information regarding my income and assets to City of Mankato. I understand that this information will be treated as private data. This verification request is required to establish my program eligibility and I would appreciate your prompt completion of the form.

Applicant Signature: _____ Date: _____

PLEASE PROVIDE THE FOLLOWING INFORMATION:

1. Original Date of Mortgage: _____
2. Type of Loan and Loan #: _____
3. Original Amount: \$ _____
4. Current Mortgage Balance: \$ _____
5. Monthly Mortgage Payment: \$ _____ Interest Rate Paid: _____
6. Does this Payment include an Escrow for Taxes? Yes No
7. Does this Payment include an escrow for Insurance? Yes No
8. Is this mortgage current? Yes No
9. How many times has this borrower paid more than 30 days late within the last 12 months?

Comments: _____

Date: _____ Title _____ Phone: _____

Signature: _____

Please return completed form to the address above, attention: Courtney Kramlinger

Warning! Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

IMPORTANT PRIVACY NOTICE
****Read Before Completing the Application Form****

We are asking that you provide the information on the Valley Opportunities Commercial Revolving Loan Program application form to determine if you are eligible to participate in the program.

Your name, address and the amount of assistance you receive are considered public data under the Minnesota Data Practices Act. Other information that you provide to the Valley Opportunities program about you and your household is considered private data.

We will use your private data only when it is required for administration and management of the program. Persons or agencies with whom this information may be shared include:

- Staff and other persons involved in program administration.
- Local loan committee members who approve applications.
- Auditors who perform required audits of this program.
- Authorized personnel from the U.S. Department of Housing and Urban Development or other local, state and federal agencies providing oversight for the purpose of addressing/resolving applicant complaints (as addressed in the projects policy and procedural manual).
- Those persons who you authorize to see it.
- Law enforcement personnel in the case of suspected fraud or other enforcement authorities as required.

We cannot release private data to anyone else or use the private data in any other way unless you give us permission by completing a consent form that we will provide. Please keep in mind, however, that data must be released if required by court order, and, in addition, your private data may be released if Congress or the Minnesota Legislature passes a new law that authorizes or requires such release of data.

Signature of Applicant

Date

Signature of Co-Applicant

Date

Minnesota law gives you important rights in regards to information maintained about you. These include:

- The right to see and obtain copies of the data maintained on you;
- Be told the contents and meaning of the data; and
- Challenge the accuracy and completeness of the data.

To learn more about these rights, contact Courtney Kramlinger at (507) 387-8711